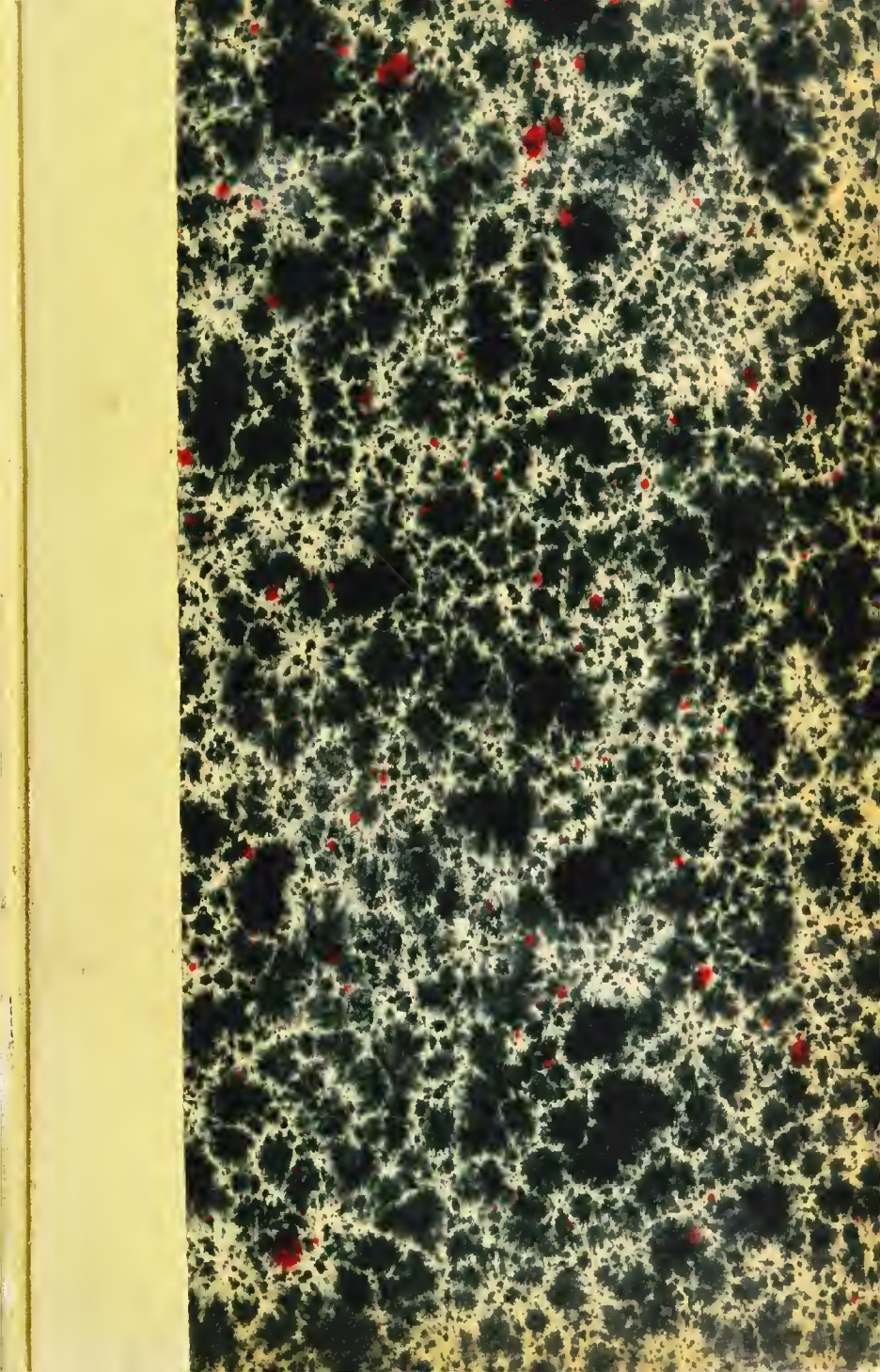
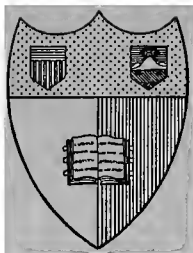




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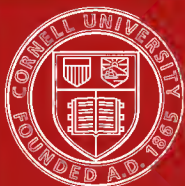
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MUTUALISM

A SYNTHESIS

BY

ARTHUR TRAVERS-BORGSTROEM

October 1918

CLARENS (Switzerland)

with the compliments
of the author

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s,

Modern Industrialism, of which the great organisations of the 20th century are the supreme embodiment, is, as we know, the materialist offspring of 18th century Idealism. The critical philosophy of Locke, popularised by Voltaire and Rousseau, had not only found its political expression in the Declaration of Independence in the New World and of the Rights of Man in the old, but had created a social atmosphere singularly favourable to the growth of the industrial idea. In the salons of M^{me} de Pompadour, Dr Quesnay would drily discuss the economic sides of that beautiful Natural Order to which Rousseau had lent the fascination of his magic pen. Marie-Antoinette and her ladies, fresh from the idyls of the Trianon, and in happy ignorance of Jourdan Coupe-Tête, would prattle not only of *La Nouvelle Héloïse* and *Emile*, but of the *Tableau Economique* and its physiocratic formulas. And when Adam Smith in his brilliant pages assured a society, which was weary of the vexatious trammels of the Mercantilists, that this world of ours would be the best of worlds, did we but give free scope to its natural forces, his doctrine of economic freedom was accepted with acclamation by an expectant public, already saturated

with the political gospel of Liberty and Equality. The new Economics of *laissez-faire* and the division of labour were diffused all over Europe and America by a crowd of Smithian disciples, and took root wherever liberalism had found a congenial soil; and more especially in England, the classic ground of industrial development.

Nevertheless, the great 18th century wave of encyclopædic enthusiasm that swept away the cobwebs of the *Ancien Régime*, was not destined to create the social paradise that Utopian dreamers had imagined. It was swallowed up in capitalistic selfishness or doctrinaire unreason. Applied to Economics, the liberalist gospel was not a success, whatever we may think of its political results. The sounding phrases of the French Revolution cast a meretricious glamour over the new economy, and made men forget that politics and economics are two very different things. While liberal politicians were occupied with the Sisyphean task of building up their great temple of Liberty and Equality on the basis of its capitalistic negation, the industrialist was left free to develop the "natural order" at his own sweet will. And with what results? In vain is the legend *Liberté, Egalité, Fraternité* inscribed in letters of gold on the frontispiece of every church and public building in the great Gallic Republic. The *Confédération Générale du Travail* tells another tale. In vain did Fourier revive Rousseau's cry of "back to the land", *le retour à la terre*, or Proudhon preach *le mariage de*

l'homme avec la nature to the anæmic wage-slaves of '48. In England, Ruskin and Morris inveighed against the tyranny of the machine. Joseph Arch interpreted to deaf ears "the call of the land". The Garden City movement tried to give practical form to the mediævalist dream of freeing the arts from mechanical servitude. Yet the "silent leaving of the land" went on all the same with the inexorableness of a law of nature. For all these well-meaning attempts, the land was not re-populated, nor was the black country any the greener — the "black country" with its hideous chimneys and fiery furnaces, lighting up the dull landscape as we pass in the night, like some scene from the *Inferno*. The monster city is swallowing up the country-side. The stout yeoman, the healthy labourer, who kept up a fertile race, is migrating to the towns, leaving the fields without the arms to till them, and is soon transformed into the pale operative whose race would die out in a few generations, were it not replenished with fresh blood from without. The homely cottage has given place to workmen's housings, in endless monotony of block and row, and the old domestic pursuits are exchanged for the drudgery of the factory, taking its daily toll of health and freshness alike from man, woman, and child, and out of half England making a dismal region of grime and soot — as dismal as the "science" that made it — where man is so divorced from Nature, that he actually prides himself upon his country's — now fast fleeting — pre-

rogative of being the “workshop of the world”, the barracks of the black army.

The explanation is simple enough. We Liberals have been nurtured upon an illusion. We were taught to believe in Liberty and Equality. But, alas, Rousseau’s poetical legend does not apply to the “dismal science”. Economic liberty and economic equality are two opposite and antagonistic terms. They exclude one another, if taken literally. And they were taken literally by a world of philistines that understood not that poets and prophets are not to be so taken.

English Economic History, from the time of Adam Smith and down to the advent of Lloyd George, is really one long warning to other nations, who, dazzled by the brilliancy of the British world-dominion, would seek to follow England’s example, ignoring the worm that is eating at the vitals of her prosperity. To this her own economic historians bear unconscious witness¹.

The causes of this downward evolution — downward from a social, moral, and racial point of view — are to be sought rather in subtle psychological changes in the soul of the people than in mere

¹ W. Cunningham, D. D., *The Growth of English Industry and Commerce in Modern Times*, Cambridge, 1912 ; H. O. Meredith, *The Economic History of England*, London ; Montague Fordham, *A Short History of English Rural Life from the Anglo-Saxon Invasion down to the Present Time*, London, 1916.

material circumstances. It was surely the gradual ascendancy and triumph of the spirit of merchant humanitarianism, the spirit of an Adam Smith, of a Cobden or a Bright, over the more solid traditions of the country gentleman, of Sir Roger de Coverley and the Vicar of Wakefield, that made possible the English industrial revolution and its hyper-modern “super-capitalistic” consummation. As Oscar Wilde, with the intuitive insight of the artist, puts it : —

“The Manchester School tried to make men realise the brotherhood of humanity, by pointing out the commercial advantages of peace. It sought to degrade the wonderful world into a common market-place for the buyer and the seller. It addressed itself to the lowest instincts, and it failed”.

The fact is, that Mercantilism did not die with the shelving of the Mercantile System, as has been popularly supposed. It only took another form. The spirit was the same — the obsession that exports, and exports only, make the life of the nation. The new Manchester Mercantilist, just like his “Colbertist” predecessor, put exports before everything else, to the neglect of the home market. The sole difference was that the regulated merchant and manufacturer gave place to the unregulated one. The capitalist was given a free hand, and the good old principle of the State keeping an equitable balance between the different economic interests was thrown aside in deference to doctrinaire opinion.

Of course the capitalist, now freed from ad-

ministrative control, was not slow to avail himself of the new economics, so eminently in his favour ; and the principle of the division of labour was exploited by him literally to “the eighteenth part of a pin”.

From the time of Cobden and until the present war, the average Englishman was so penetrated with this spirit of Mercantilist *laissez-faire* — Neo-Mercantilism, let us call it — that he did not see that his very free-trade was ruining him, by depriving him of the only market that he could really call his own — the home market — and making him dependent upon other nations for his daily bread.

But is it, after all, so certain that even the experiences of the War will have succeeded in driving home to men and nations the true economic lesson which it ought to have taught them? We doubt it. In the multitudinous literature of the contending peoples, we have observed but scant understanding for a fact that already long ago was recognised by a Russian scientist of world-wide reputation — we refer to Prince Kropotkine. In treating of the “Decentralisation of Industries”,¹ he points out that modern economists and politicians, especially in England — hypnotised by a century of marvellous inventions — have exalted Adam Smith's theory of the division of labour into an article of

¹ P. Kropotkine, *Fields, Factories and Workshops*, London, 1912, pp 18 ff.

faith. Division and subdivision have been pushed so far, that “the modern ideal of a workman seems to be a man or a woman, or even a girl or a boy, without the knowledge of any handicraft, without any conception whatever of the industry he or she is employed in, who is only capable of making all day long and for a whole lifetime the same infinitesimal part of something... Mere servants to some machine of a given description ; mere flesh and bone parts of some immense machinery ; having no idea how and why the machinery performs its rhythmical movements”. And, not content with applying this division and subdivision of labour to the individual workers, the industrial theorists “proclaimed the necessity of dividing the whole of humanity into national workshops having each of them its own speciality. We were taught, for instance, that Hungary and Russia are predestined by nature to grow corn in order to feed the manufacturing countries; that Britain had to provide the world-market with cottons, iron goods, and coal ; Belgium with woollen cloth ; and so on”.

But, sooner or later, men will perceive that “there is no advantage for the community in rivetting a human being for all his life to a given spot, in a workshop or a mine ; no gain in depriving him of such work as would bring him into free intercourse with Nature, make of him a conscious part of the grand whole, a partner in the highest enjoyments of science and art, of free work and creation”.

“Nations, too, refuse to be specialised... Agriculture calls manufactures into existence, and manufactures support agriculture. Both are inseparable ; and the combination, the integration of both brings about the grandest results”.

Political Economy, Prince Kropotkin goes on to say, has hitherto chiefly insisted upon the *division* of labour. He would vindicate its *integration*. And he maintains that the ideal of the future is a society of integrated, combined labour, “where each individual is a producer of both manual and intellectual work”, and where “every aggregation of individuals, large enough to dispose of a certain variety of natural resources — it may be a nation, or rather a region — produces and itself consumes most of its own agricultural and manufactured produce”.

Prince Kropotkin has here, we take it, enunciated a great economic truth ; a truth not generally recognised either by “orthodox” economists, nor by reformers of the various opposition schools. Industrialism, as generally conceived, has stood for the *concentration* of industry and the *division* of labour ; the new school stands for the exact opposite, for the *decentralisation* of industry and the *integration* of labour.

There is a certain want of precision about the use of the word “Industrialism”. It is often used as synonymous with “Capitalism” — indeed, we have a shrewd suspicion of having ourselves been guilty of this incorrectness of expression. Of course, under the

present capitalistic régime this is excusable, as the terms “Capitalism” and “Industrialism” in practice generally cover each other. But it is quite thinkable that the Collectivist State, or Syndicalist Guild, or Anarchist Commune might abolish private Capitalism and yet perpetuate that concentration and division of labour which is of the essence of Industrialism. Indeed, as has been already pointed out, none of the principal Socialist schools of the present day have shown any tendency to do away with Industrialism, as distinct from Capitalism, or to revert to the decentralisation and integration principle. On the contrary, they seem inclined rather to favour concentration, as serving to keep up the “class struggle” with which their system stands and falls — or is supposed to stand and fall.

It is, of course, absolutely erroneous to identify Industrialism with Capitalism. Industrialism is of modern growth. “L’industrialisme est la plus récente de nos chimères scientifiques”, says Fourier. Capitalism, on the other hand, is as old as the hills, and was rampant in Rome some 2000 years ago, in the days of Cæsar and Cicero — although Prof. Sombart, with his industrialistic definition of capitalism, would ascribe its “discovery” to Marx and the Mercantilists¹. At first sight, it is true, it might appear

¹ Werner Sombart, *Der moderne Kapitalismus*, München u. Leipzig 1916, erster Band, S. 319; zweiter Band, 1917, S. 397. See Chapter *Die Entdeckung des Kapitalismus*: “Für

as though Capitalism and Industrialism were the common and synonymous resultant of the two interacting forces of Capital and Labour. But this is hardly the right view. Laying aside the niceties of scientific definition, and confining ourselves to the outward and visible manifestations of these two phenomena, we should say that Capitalism and Industrialism are two distinct and independent, though correlated conceptions. This will appear with greater evidence, if we consider them in the form in which they occur in ordinary life. When we speak of Capitalism, we surely think at once of money — do we not? — money, that half immaterial, and, particularly in its paper form, most unsubstantial of creations; while Industrialism, on the other hand, conveys to us a more robust impression, incarnate as we find it in the shape of the great factory, with its thumping machines and swarming humanity. Looked at thus, the question is simple indeed. Capitalism centres in money and money-making, and the concentration of money; Industrialism in labour and labour exploitation, and the concentration of labour.

Thus conceived as the concentration and — by implication — division of labour, the term Industrialism cannot be applied to Prince Kropot-

die Wissenschaft hat Marx den Kapitalismus entdeckt : seine Eigenart und Bedeutung für die Praxis erkannt zu haben, ist die grosse, geniale Tat der Merkantilisten”.

kine's new formula of synthetic production, based as it is upon the decentralisation and integration of labour. A common and accepted term for this process is as yet lacking. We would suggest *Mutualism* or *Mutualisation* — may the shade of Proudhon forgive us! — as implying that mutual relation between Man and Nature, between Man and his fertile Mother Earth, which is the essence of Kropotkin's decentralising and integrating idea. As the opposite pole, then, to the *Industrialisation* of Labour, for which Capitalism and Socialism stand, we would advocate the *Mutualisation* of Labour — thereby meaning its decentralisation and integration.

In using here the terms "Mutualism" or "Mutualisation", we are of course not merely thinking of Mutuality in its everyday modern use, as a term for a certain form of insurance, nor even as akin to the co-operative idea — as a mutual collaboration in the attainment of certain economic advantages — but in that still wider sense in which Proudhon conceived his *Mutuellisme*, i.e., as something containing over and above the elements of mere material security and advantage, a certain immaterial, super-erogatory leaven of sentiment, of fellowship, which raises it beyond our ordinary forms of self-interested association. It is in this higher sense that we should like to see the mutualistic idea infused into the organisation and administration of our Mutualist State.

At the back of our mind is a reminiscence from Natural History — the intuitive Mutualism,

the instinctive impulse to Mutual Help, which is discernible throughout the animal and human world, lower and higher, and of which Kropotkine speaks as constituting a beneficent counterpoise to the Darwinistic “struggle for existence” in its more extreme interpretation¹; a golden thread of sympathy running through the blood-red evolutionary web, binding us to all that has life, and suggestive, to minds mystically strung, of some vague ethical ideal of cosmic fellowship with all sentient Being, to be realised, maybe, in the ages to come.

*

M. Léon Bourgeois, in his *conférence* of 20th November 1901 on the subject of *La dette sociale et le quasi-contrat social*, touches on the mutualisation question : —

“Une organisation qui *mutualiserait*, pour ainsi dire, entre tous les hommes, les avantages et les risques de la solidarité naturelle, nous a paru, à à première vue, le seul procédé capable de donner le résultat que nous attendons ”.²

The *résultat* for which M. Bourgeois is working would seem, however, to have but slight affinity with the “Mutualist” State of our imagining, while his *solidarité naturelle* smacks less of physical than of metaphysical law. We therefore hold ourselves at

¹ Peter Kropotkine. *Gegenseitige Hilfe in der Tier- und Menschenwelt*, Leipzig, 1910.

² Léon Bourgeois, *Solidarité*, 7^{me} édition, Félix Alcan, Paris, p. 191.

liberty to differentiate most emphatically between the solidarist *quasi-contrat* State, and our own.

There is, of course, no good reason why we should not have with us other reformers in this work of “mutualising” land and labour. No higher principle of Socialism precludes its expositors from adopting the mutualistic formula as their own, or from merging, with us, the two contradictory conceptions of Individualism and Socialism into one single higher, synthetic Unity¹. If Socialists would only take warning from the War and cast aside their “class struggle” dogma, which in the long run must be as damaging to all classes of the Nation, to Labour no less than to Capital, as it is advantageous to the labour and capital of competing nations with more

¹ Cf. Proudhon's Hegelian formula: “La communauté, premier mode, première détermination de la sociabilité, est le premier terme du développement social, *la thèse*; la propriété, expression contradictoire de la communauté, fait le second terme, *l'antithèse*. Reste à découvrir le troisième terme, *la synthèse*, et nous aurons la solution demandée. Or, cette synthèse résulte nécessairement de la correction de la thèse par l'antithèse; donc il faut, par un dernier examen de leurs caractères, en éliminer ce qu'elles renferment d'hostile à la sociabilité: les deux restes formeront, en se réunissant, le véritable mode d'association humanitaire”. (Œuvres complètes de P.-J. Proudhon, *Qu'est-ce que la Propriété?*, Paris, Marpon et Flammarion, p. 202). — Proudhon's solution was “possession”, perpetual, hereditary possession. Accepting this principle of possession, we would term it “mutualised property”, as will appear further on, when discussing our scheme of mutualising the land and establishing a system of hereditary *métayer* farms.

idea of the importance of national solidarity, there would be some hope of arriving at a *modus vivendi* after the war, before a new war again brings about a temporary *union sacrée*. For we must confess to being so out of the fashion, as to have no great faith in the stability of that "League of Nations" over which so much ink is being spilt just now, any more than in the peacefulness of the new democracies¹. If the intrigues of courts and statesmen, with their conscious self-interestedness, are weighed against the changing humours of the Demos, with its unconscious self-interestedness — kept as it is in a state of nervous tension by a sensation-loving press — we fancy the balance will be about equal; while the present tendency of nations to be self-contained, and to erect new barriers against their neighbours, will hardly help us to the goodwill of those exporting nations who, even if they wished it, are simply physically unable to reduce their exports suddenly, without great inconvenience and suffering, or even ruin. Besides, there are the yellow races to

¹ Cf. in *The Times Literary Supplement* for August 8, 1918, "The Foundations of Peace", an article in which the new book by Sir Thomas H. Holdich, *Boundaries in Europe and the Near East*, is reviewed : —

"The idea that the triumph of Democracy will in itself secure the triumph of peace he [Sir Thomas] dismisses as an illusion. But few of the peoples of the world are as yet ripe for democratic self-government, if they ever will be; in a world of infinite variety, a variety of forms of government is necessary..."

take into consideration. Will they consent to accept the 'white' ideals of the new Holy Alliance, with its everlasting *status quo*, so profitable to the Anglo-American Neo-mercantilist Imperium?

It should, therefore, be to the interest of all classes of the nation to work harmoniously together after the War in the direction put forward by Prince Kropotkine, so as to make the State, or combination of states, in which destiny has placed us, as far as possible self-sufficing and independent of the humours of other nations. And, if this be admitted, the sooner we set about working in earnest for the realisation of our aim, the better. This concerns more especially the great exporting countries and their proletariats. For if their exports are suddenly threatened, it will be no easy matter to improvise a change. "The horse may starve while the grass doth grow", is a proverb that may be recommended to reformers of every hue.

To take a concrete example, and with the proverb just quoted in mind, let us for a moment think of England's position. Let us suppose, for the sake of argument, that owing to international jealousy or other causes her principal foreign markets were suddenly closed to her. The 'Black Country' would be faced with imminent ruin. What could England do? The sparse farming population still left on the land could not take off more than a fraction of the congested uneatables. An immediate declaration of war would be Britain's only possible reply.

From every point of view it is therefore necessary that we prepare for the worst, and that all classes combine in a patriotic attempt at putting their own house in order, rather than sit down and dream of an ideal 'World Alliance' of Labour (black and white, brown and yellow?), absolutely Utopian in face of existing differences in traditions, customs, beliefs and prejudices — differences racial, national, psychological, and physical; economic and political; material and ideal; differences impossible to bridge, so long as man is man, and not yet superman.

International Socialism, we hold, is a passing phase in the Ascent of Man, like *laissez-faire* or the Division of Labour¹.

Impelled by Prince Kropotkine's exposition — as level-headed as it is eloquent — of the advantages that would accrue to the Community and to the Individual through the substitution of the new economic formula of decentralisation and integration for the old one of concentration and division, we would venture in our turn to come forward — tentatively and in all humility — with a suggestion for the practical realisation of this ideal, to which, for the sake of brevity, we would give the name of Land Mutualisation.

The mutualisation of Land and Labour would seem 'a large order'. And so it is, if it be taken from the self-interested stand-point of any particular

¹ In its industrialistic form, of course.

class. We would not, however, approach the problem in any such paltry spirit. Nor would we content ourselves with any half-hearted measure of industrial reform, any palliative reconstruction of a system that is radically wrong. We would go the surer, and in the long run probably also the more expeditious way of beginning from the beginning and trying to build up a totally new system of land-tenure and integrated, combined industrial and agricultural labour, based upon the bed-rock of nationality and patriotism, that 'higher patriotism' of Fichte and the founders of German Unity, which looks upon the State not as a mere utilitarian collectivity of self-seeking units, but as a sacred heritage to be cherished for its own sake — an ideal which was that of all the great nations of history, until the time of their decline. To-day the peoples have not been long enough industrialised for this higher spirit of patriotism to have been totally extinguished. But before the War called to life again the robuster instincts of the more vigorous nations, a watery internationalism was becoming more and more prevalent. In the nature of things, one can hardly expect the hearth and homeless 'proletarian', the slave of the machine, to preserve this higher patriotism for ever. Give him, however, a bit of the soil, and his internationalism will soon evaporate. Proudhon, the redoubted 'father of anarchism', thus describes the peasant's love of the soil : —

“La métaphysique de la propriété a dévasté le

sol français... Elle a rendu l'agriculture odieuse... plus odieuse encore que la patrie ; elle pousse à la dépopulation... On ne tient plus au sol comme autrefois, parce qu'on l'habite, parce qu'on le cultive, qu'on en respire les émanations, qu'on vit de sa substance, qu'on l'a reçu de ses pères avec le sang et qu'on le transmettra de génération en génération dans sa race, parce qu'on y a pris son corps, son tempérament, ses instincts, ses idées, son caractère, et qu'on ne pourrait s'en séparer sans mourir. On tient au sol comme à un outil, moins que cela, à une inscription de rentes au moyen de laquelle on perçoit chaque année, sur la masse commune, un certain revenu. Quant à ce sentiment profond de la nature, à cet amour du sol que donne seul la vie rustique, il s'est éteint..... L'homme n'aime plus la terre : propriétaire, il la vend, il la loue, il la divise par actions, il la prostitue, il en trafique, il en fait l'objet de ses spéculations ; cultivateur, il la tourmente, il la viole, il la sacrifie à son impatiente cupidité, il ne s'y unit jamais....”¹

It is this love of the land that we would give back to the Great City operative. Uprooted from the soil of his fathers, and transplanted into an artificial environment, he has forgotten, or is fast forgetting, the noble traditions of his ancestors. It is the aim of our Land Mutualisation Movement to

¹ Œuvres complètes de P.-J. Proudhon, *Théorie nouvelle de la Propriété*, Nouvelle édition, Paris, Ernest Flammarion, p. 158.

give him back what he has lost — his material and ideal birthright, in close contact with the land — before Industrialism has had time to mercantilise his soul. This is the ‘higher’ point of view. At the same time we shall not have neglected the material factor; for, if we succeed, we shall have created a home-market for our industries, and have made ourselves independent of foreign food supplies.

But we must once more return to Prince Kropotkin, our authority in the matter of scientific integration. “Half a century ago”, he says, “a harmonious union between agricultural and industrial pursuits, as also between brain work and manual work, could only be a remote desideratum. The conditions under which the factory system asserted itself, as well as the obsolete forms of agriculture which prevailed at the time, prevented such a union from being feasible. Synthetic production was impossible”. Things are different, now, however, he goes on to say. The wonderful simplification of the technical processes both in industry and agriculture have rendered such a synthesis possible, and new methods of transmission of motive power have opened new possibilities for the development of the small industries¹.

¹ Kropotkin, *Op. cit.*, Preface, p. XI.

Modern invention opens immeasurable perspectives for the development of motive power. As we are writing this, we read in the Danish papers that a Scandinavian conference is just about to be held in Christiania concerning

But, sceptics will object, in no civilised country are you likely to get a parliamentary majority, nor for that matter an autocratic government, to consent to upset all the existing land laws for the mirage of creating a peasantry which would afford a sufficient market for the home industries, and at the same time support an increasing population with the products of the soil, without foreign importations. To this objection we reply that there is here no question of upsetting existing laws and institutions, but only — by wise, moderate, and compensatory methods — of establishing a system which under a co-ordinating and directing, scientifically constituted central body will tentatively and gradually proceed to demonstrate the possibility of combining agriculture and industry, in the mutual interest of the State and of the Individual; a system, devised to prove in practice what, we contend, is already proved in theory, namely, that the new methods of industry

the transmission of electric power from the Norwegian waterfalls to Sweden and Denmark. The ordinary price in Denmark is 15 to 20 öre per Kilowatt-hour. The Norwegians offer it at a price of from 10 to 15 öre. But now three Danish engineers, Messrs. Vinding, Falck, and Jensen, claim to be able with their newly improved accumulating windmill to deliver the same amount of electric power at 5 öre per Kilowatt-hour. The greatest electric power station in Denmark at present gives 7 or 8 millions of Kilowatt-hours a year, whereas, taking the mean yearly wind velocity, the new windmill gives 300,000 yearly, so that 20 normal windmills, circled round the conducting net, would offer about the same motive power. (*Politiken*, May 31, 1918, and *Finanstidende*, June 5, 1918).

and agriculture have so totally changed the nature of the problem as to make it possible for any given country,¹ by rational combination and co-ordination, to become the self-sufficing producer and consumer of its own industrial and agricultural produce, with no essential dependence on foreign trade. There is no real or tangible reason against this, except popular prejudice and professional routine.

“Science, down to the present day”, exclaims Prince Kropotkine, “remains permeated with Malthus’s teachings. Political Economy continues to base its reasoning upon a tacit admission of the impossibility of rapidly increasing the productive powers of a nation, and of thus giving satisfaction to all wants². This postulate stands, undiscussed, in

¹ Or more accurately, to use Prince Kropotkine’s words, any “aggregation of individuals, large enough to dispose of a certain variety of resources”.

² Prof. Charles Gide, of the University of Paris, would seem to be an exception to this rule. In his *Cours d'Economie Politique* (new edition 1918, p. 317) he has the courage to look to China rather than to America for the agricultural ideal of the future : —

“Si donc on veut essayer de se représenter le régime agricole du monde à venir, c’est plutôt du côté de la Chine que du côté de l’Amérique qu’il faut regarder. Et il semble qu’il répondra assez bien à l’idéal promis par les prophètes d’Israël : chacun reposera sous sa vigne et sous son figuier — comme aussi à la maxime que Voltaire a mise dans la bouche de Candide : il faut cultiver son jardin”.

And in a note he adds :

“C’est grâce à la petite culture que la Chine réussit à nourrir sa population grouillante. Or, on assure que les Chinois, en repiquant chaque épi de blé, en triturant la terre

the background of whatever Political Economy, classical or socialist, has to say about exchange-value, wages, sale of labour-force, rent, exchange and consumption. Political Economy never rises above the hypothesis of a *limited and insufficient supply of the necessaries of life*; it takes it for granted. And all theories connected with political economy retain the same erroneous principle. Nearly all Socialists, too, admit the postulate... True, the formidable growth of the productive powers of man in the industrial field, since he tamed steam and electricity, has somewhat shaken Malthus's doctrine.... But agriculture is still considered a stronghold of the Malthusian pseudo-philosophy. The recent achievements of agriculture and horticulture are not suffi-

et en la faisant passer au tamis, peuvent obtenir jusqu'à 150 quintaux de blé sur un hectare — soit le quintuple de ce qu'on obtient en Europe sur les meilleures terres.

Mais la culture chinoise diffère de la culture maraîchère ou arboricole d'Europe et des Etats-Unis en ce qu'elle s'intensifie surtout par la main-d'œuvre, tandis que celle-ci s'intensifie surtout par le capital".

We are beginning to perceive that there are other spheres, besides agriculture, in which our 'white' civilisation is not so infinitely superior to that of the great yellow race as we have fondly imagined. Witness this quotation from a recent work : —

"Haltingly perhaps, but on the whole wonderfully well, China did once in her portion of the globe achieve what Walt Whitman holds up to the American democracy as an ideal still waiting to be realised — a great moral and religious civilisation combined with and justifying a great material civilisation". (A. E. Grantham, *Pencil Speakings from Peking*, London 1918, p. 16).

ciently well known ; and while our gardeners defy climate and latitude, acclimatise sub-tropical plants, raise several crops a year instead of one, and themselves make the soil they want for special culture, the economists nevertheless continue saying that the surface of the soil is limited, and still more its productive powers ; they still maintain that a population which should double each thirty years would soon be confronted by a lack of the necessities of life"¹.

Now all that we wish to attain at present is a limited land-mutualisation carried out under scientific government supervision on a sufficiently large scale and for a sufficiently long period to determine definitely whether such a multiplication of the fertility of the soil as Prince Kropotkine foreshadows is capable of practical realisation ; and whether a combination of agricultural and industrial pursuits, within certain limits, is not achievable.

'The game is worth the candle. It is the future of the nation, of the race, that is at stake. Is not such a constructive programme worth the sacrifice of a few tens or hundreds of millions ?

But how about the milliards that the tax-payer will have to pay after the war ?

We reply that, in so vital a question, where there is a will there must be a way.

Let taxation — progressive, nay, if necessary,

¹ Kropotkine, *op. cit.* p. 159 ff.

confiscatory, run its normal or abnormal course after the war. Capital can stand it, and will recover. But the race will not recover, if we do not make due provision for the future in time. Let us, therefore, set aside and appropriate for this all-important national purpose a source of income which will suffice to carry out a land-mutualisation programme of adequate amplitude without encroaching on the other revenues of the State or pressing unduly upon the general tax-payer. We refer to the proposed “Nationalisation of Credit”, or, as we should prefer to call it here, in connection with this present essay, the *Mutualisation of Credit and Finance*. The writer has recently founded a series of International Prizes on this subject of Credit Nationalisation, to be competed for under the auspices of the University of Berne, which institution has consented to control the competition and to appoint an International Jury for the final adjudication of the prizes, to take place in 1922. As the “Mutualist” State Bank, which is the distinguishing feature of this project, is intimately connected with the Land-Mutualisation programme here outlined, we will quote in full the exposé of the founder, attached to the official regulations for the competition sent out by the University : —

“PERSONAL STATEMENT OF FOUNDER”

“In a little pamphlet called ‘The Triumph of Organization and the Price of It’, I have set forth

in general, and necessarily somewhat vague terms my views on the desirability of nationalizing borrowing and lending at interest. I have done this, not as a Socialist, but as a one-time Liberal, shaken in his faith during the war by the bankruptcy of so many principles hitherto accepted as immutable.

This pamphlet was and is intended to be an introduction to a more comprehensive work, entitled 'The Nationalisation of Credit', the materials for which I am at present engaged in collecting. In this work I hope to be able to come forward with facts and figures which will serve to convince the most critical of the very considerable revenues that may be made to flow into the State coffers by the institution of a Monopoly such as the one here proposed, not only without putting any extra burden upon the shoulders of the unfortunate tax-payer, but with direct benefit to the Nation in its economic development at home and abroad. At the same time it will be my aim to create, if possible, an international type of financial monopoly, capable of being adapted to the exigencies of every civilized country.

In these days of disordered communication and war censorship, I have found it a matter of some difficulty to procure the legal texts and complete statistics which I require from the various countries in question. It has therefore occurred to me that I might further my object by establishing an International Competition on this same subject, 'The Nationalisation of Credit', which I am proposing to

develop later on in my intended work, but treated from a more special point of view, and limited to some particular country, chosen at the discretion of the competitor. Such of these latter as may have the advantage of residing in the country chosen will be in a comparatively favourable position to procure the necessary materials, and to comment upon the same from a local or national point of view. By putting together the essentials of these different national schemes, it will be my ambition to create the international type of which I have made mention above.

To ensure impartiality, the competition has been placed under the patronage of the University of Berne, which Institution has consented to assume the control of the same and to appoint an International Jury for the examination of the competing essays and the final adjudication of the prizes.

In an investigation of this kind, it is a primary condition that the works sent in shall give proof of serious and exhaustive inquiry into the subject in question, and embrace a scientific presentation and examination of the same. The competitors are therefore expected to bring forward and analyse all reasonable arguments that can be urged against the proposed Nationalisation of Credit.

It follows, however, from the nature of the competition that the prizes can only be awarded to works in which the policy of nationalising credit is expressly endorsed. As a further fundamental con-

dition it is stipulated that the organization and development of the projected State Monopoly shall be planned upon strictly business lines, and safeguarded from all undue political and bureaucratic influence, or philanthropic tendencies.

How to attain this end, is left to the discretion of the competitors. Except in the fundamentals just mentioned, full liberty is given them to develop the subject as they may judge best. It is suggested, however, as one of many alternatives, that the principle of Mutuality might be introduced as a complement to that of Nationalisation, and the control of the Monopoly given to the *clientèle*, or to certain categories of the same. Indeed, on approaching the matter with an open mind, and with due regard to the signs of the times, the student might well be struck by the possibilities of this economic co-operation between the State and the Individual, this 'State-Mutualism' as one might call it, and be led to see in it the corner stone on which to raise the new financial edifice. As regards banking more especially, it might appeal to his imagination to evolve some national system of Mutual Credit Insurance, voluntary or compulsory — a network of Associations, perhaps, created by Government initiative for the purpose of guaranteeing the State Bank from bad debts, and endowed, in return, with the privilege of participating, through their representatives, in the appointment and supervision of the bank management. He might even go a step further,

and seek to establish an actual organic *rapport* between these Associations and the new monopoly, by providing that delegates of the former shall take part in the daily transactions of the State Bank as real, active members of the administration, both central and local, in the capacity of plenipotentary assessors to the permanent directors and managers. Apart from their primary functions of guarantee and control, these Mutual Associations could in this way be made to act as good lubricating oil on the bureaucratic engine, and save it from its natural tendency gradually to lower the speed.

In pursuing this line of thought, the competitors will not have overstepped the limit fixed by the founder. For although, as the word 'Nationalisation' intimates, the Monopoly in question is conceived as a purely State concern, placed under the sole and inalienable ownership of the Nation, to the exclusion of the old principle of privileged private capital in semi-official institutions, yet there is nothing to prevent its being based upon an intimate co-operation with its clients — debtors and creditors —, or with mutualistically organized combinations of the same.

As to the working of it, the machinery already exists. The Post Office is already one vast national and international banking and insurance system, only needing development. The possible advantages of this suggestion should be balanced against its possible disadvantages.

Passing to the internal order, the competitors

will no doubt of themselves perceive the justice and necessity of retaining the old staff, on terms no less favourable than at present. Future appointments would be made in accordance with the sound business principle that merit, and not seniority, shall be the sole consideration in matters of advancement. At the same time, the directors and high central officials should be assured of a generous share in the net profits of the whole, so as to be placed economically on a level with the great captains of industry and commerce. The managers of the various departments and branch offices should have their share in the results, each within his own respective sphere of influence. Nor should the rank and file be forgotten, but receive in addition to their fixed salary some suitable percentage, proportionate to the success of their efforts. The mutualistic principle would thus have been applied from one end of the ladder to the other, so that no good worker need have reason to regret the change.

By the incorporation of some such maxims in the Charter of the Monopoly, we should have introduced a new element into the official world, and, so to say, have americanized the bureaucratic idea in at least one State Institution.

The above suggestions are mere suggestions, to be accepted or rejected by the competitors. Other methods are equally permissible, so long as the two fundamentals insisted upon are kept in mind, viz., the nationalization principle and the business prin-

ciple. The founder is optimistic enough to believe that by the union of these two opposing principles of State ownership and business organization it should not be found impossible to build up an efficient and popular financial Monopoly, a happy combination of 'Etatisme' and Mutualism, of Centralization and Devolution, of Authority and Democracy".

*
* * *

This Nationalisation project, if systematically carried out on sane business principles, and not, of course, in the confiscatory and otherwise impossible manner in which it has been recently attempted in a great and somewhat disturbed European country, would, no doubt, if realised, turn out a great financial success for the State, and an inestimable boon to the people as a whole — of this we are convinced — a boon to industry and commerce no less than to agriculture. It really constitutes a practical acknowledgment of the principle enunciated by Walther Rathenau, the great German industrial magnate, that "Economics are no longer a private matter, but a matter for the Community", and that the Community must therefore take resolute steps with a view to creating a scientific, State-controlled organisation of the leading private industries of the country.¹

Four strenuous years have brought this principle to the front, not only in Germany, but also in the

¹ *Die neue Wirtschaft*, Berlin 1918.

Entente Countries, hitherto so impatient of economic restraint. In England, especially, there has been an inundation of opportunist reconstruction literature, of mushroom growth and ephemeral value. Amongst the exceptions that prove the rule, we may single out Saunders' *Self-supporting Empire*, if only for the reason that it appears with a laudatory foreword by Sir Edward Carson. Sir Edward, as we know, was First Lord of the Admiralty and a member of the inner War Cabinet, until he resigned in order to have a free hand on the Irish question. He has a forceful personality, and is — with Lloyd George — a statesman in a land of politicians. When the uncrowned king of Ulster says, 'I commend this book', that book acquires a peculiar significance, quite apart from its intrinsic merits. Besides, Mr. Saunders is the Vice-Chairman of the British Empire Producers' Organisation.

It is interesting to peruse Mr. Saunders' pages side by side with Rathenau's. The British public is not yet prepared for naked Protection and State Socialism. The thing is there, but clothed in suitable Anglo-Saxon garb. The author does not in so many words say, with Rathenau, that the business of a country is no longer the concern of the private business man. Between the lines, however, we read much the same budding collectivist tendency. Speaking of the Joint Standing Industrial Councils representing employers and employed which were recommended in the Whitley Report of the Recon-

struction Committee and have since been adopted by the War Cabinet, Mr. Saunders points out that a collective organisation of industries — of each industry and of each group of industries — is of vast importance to the country, and that “experience has proved that the advantages to be derived from combined action in meeting home demands and developing export trade far outweigh anything gained from the secretive individualism on which the British manufacturer used to pride himself”.

This is indeed an admission from one who has Sir Edward Carson behind him and thus indirectly the great Belfast industrial community. To us poor outsiders who have not the privilege of being able to say *civis Britannicus sum*, and whose commercial mentality has been based upon the supposed inexhaustible receptivity of the English market, it will be a revelation the reverse of pleasurable to hear that the British Empire has the “opportunity of being self-supporting in every vital particular”, and evidently means to make use of the opportunity by means of protection and preference — protection against the foreigner and preference for the Dominions¹. Let us hear and inwardly digest the words of the Dominions Royal Commission, as quoted by Mr Saunders : —

“We have found”, says the Commission, “that in one part or other of those (self-governing) Domin-

¹ Since this was written, the policy of preference has been officially adopted by the British Government.

ions all animals and almost every crop flourish that are needed for the sustenance and use of man, and we believe, especially if the products of the more tropical parts of the Empire which were not included in our investigation are taken into account, that the Empire could meet not only its own needs but those of friendly neighbouring countries”.

Not without foreboding will the non-British exporter — not yet a convert to our Mutualistic doctrine — take note of this official report, and of Mr. Saunders’ complacent reflection that : —

“The [British] Empire occupies a quarter of the surface of the globe and contains more than a quarter of the total population. The greatest of ancient Empires — that of Rome — had an area of 1,400,000 square miles, and a population, at the time of its greatest prosperity, of 85,000,000. Canada covers 4,000,000 square miles, Australia 3,000,000, and the remainder 750,000 miles, giving the British Empire more than five times the area of the Roman Empire. In point of population the difference is not so great, as so many portions of the British Empire are as yet thinly populated. But of the 65,000,000 inhabitants of the self-governing portions, 45,000,000 live in the United Kingdom, leaving 20,000,000 to the 7,000,000 square miles of the five overseas Dominions. India, we may add, has an area of over 1,800,000 square miles¹ and a population of over

¹ We cannot quite make these figures square with one another. But this is a detail.

315,000,000 — about three-fourths of the total population of the Empire.

Such is this magnificent Empire, on which — like the vanished one of Spain — the sun never sets. No wonder, after this stock-taking, that Mr Saunders comes to the conclusion — natural from the British point of view — that “the tendency in the future should certainly be for the Mother Country to import from the Dominions and Colonies in preference to other countries, and for each section of the lands overseas to develop the supplies which it is best fitted to produce”.

To crown it all, Mr. Saunders and Sir Edward have made a discovery. Agriculture, they say, is ‘the basic industry’ and should be encouraged. In this of course they are right. The wonder is that it should have required a world war to make the discovery. It needed the submarine — for England a blessing in disguise — to open the eyes of Mr. Bull and to force him to admit what to us foreigners seems a truism, viz., that ‘it is essential to guard against over-industrialisation’, and desirable to make England agriculturally as self-supporting as possible, with intensive farming in England, Scotland, and Ireland, and the Dominions in reserve to supply the deficiency.¹

¹ See *A Self-supporting Empire*, by Edward Saunders, “Vice-Chairman British Empire Producers’ Organisation, with a Foreword by Sir Edward Carson, K. C., M. P.”, London 1918.

Innocent neutrals like Denmark, Sweden, and Finland, whose system of farming is in great part based upon dairy exports to the English manufacturing districts, will do well to note in time this British world-adaptation of Fichte's 'closed commercial state', and in their hearts to ponder over Peer Gynt's riddle concerning self-sufficiency and being sufficient unto oneself. Who knows but what some European Inter-State League and Covenant for mutual economic protection and advancement, with some new Monroe doctrine for these parts, may not after all prove a last refuge for us small fry of the Old World?

In France the well-known pseudonym *Lysis* approaches the question in a different manner in his interesting work, *Vers la Démocratie Nouvelle*. His is not the world-encircling imperialism of Anglo-Saxondom. He is content with a more domestic, non-imperial ideal. But, like Rathenau and Saunders, he recognises the economic nature of the problem.. That modern parliamentarism has failed, is his diagnosis. The *député* politician has been weighed in the balance and found wanting. The remedy is *la représentation économique* : —

“La solution se dégage d'elle-même : pour avoir une représentation des intérêts, il faut renverser l'état des choses actuel et prendre exactement son contraire, c'est-à-dire classer et organiser les électeurs par profession, au lieu de les confondre et de les mélanger sans distinction de métier, comme on

le fait aujourd'hui. Agriculteurs, industriels, commerçants, patrons et ouvriers, fonctionnaires, etc., doivent voter séparément, chacun dans leurs catégories, et choisir des délégués pris dans leur milieu et connaissant leurs besoins."¹

For those who believe in political reform, there is perhaps something to be got out of this idea of an Economic Representation. This is really only an up-to-date and scientifically conceived application of the old guild principle of the Middle Ages, the quintessence of which the Socialists were the first to comprehend and to revive in the modernised form of Syndicalism. It is this idea of the syndicate, the profession, that *Lysis* would like to see applied not only to the working classes, but to all the principal classes and professions of Modern Society, as the basis of political representation. Why not make the experiment? We cannot decently make politics worse than they are. Possibly better. At any rate we might in this way get rid of the paid politician who makes a living out of keeping alive our class differences. Classes will always exist — for 'we cannot all be tailors' as a High Personage once replied to a fashionable London tailor who, at a charitable gathering, had remarked that the company was 'rather mixed'. But sooner or later we shall surely find that our interests are not so divergent

¹ *Lysis, Vers la Démocratie Nouvelle*, Payot & C^{ie}, Paris 1917, p. 188.

as it is to the advantage of the agitator-politician to make out.

“ A travers les nuages de l'idéalisme de camelote avec lequel on cherche à nous griser depuis si longtemps, nous sommes nombreux qui discernons la réalité crue que le régime actuel n'est pas plus ouvert aux hommes de talent que les précédents et que nous n'avons supprimé les gens titrés que pour installer les politiciens au pouvoir”.

The men of 1789 would turn in their graves, could they see the sordid reality into which their noble dreams have been transformed. The dreams they dreamt have gone the way of all fair dreams. But Professional Suffrage is no dream, no airy fabric of an egalitary imagination. It is founded on hard facts, and might perhaps prove to be no unsound basement upon which to raise the many-storied structure of the future, stone upon stone, and wall upon wall. At any rate it will not vanish when brought into contact with realities, like the Rights of Man and other amiable abstractions. The new representatives will be taken from the world of production, will be men of action — execution, not elocution — thoroughly knowing their trade or profession, and not merely excelling in the subtle task of contenting *Monsieur Tout le Monde et son père*, like “the lawyers accustomed to defend all causes, the professors versed in expounding all theories and the journalists trained to treat all subjects”, who are the present rulers of the Republic.

So far *Lysis*. As for our humble selves, if we had the honour to be anybody's 'deputy', we should certainly endorse the *Démocratie Nouvelle* as a stage on the road to that *Aristocratie Nouvelle* of integrated Land and Labour which is our Mutualist ideal.

In the foregoing we have quoted prominent representatives of three great countries, England, France and Germany, all with the same *motif* running through and dominating their variations on the same theme — the Economic State, built up on a scientific basis, and with an executive of workers, not talkers. This new theory of the State, explicitly formulated by *Lysis* and implicitly contained in the reasonings of Rathenau and Saunders, is certainly infinitely superior to the prevailing 'liberal' doctrine, with its semi-anarchic economic system, or want of system. But Messrs. Rathenau, Saunders, and *Lysis* do not go far enough for us. The measures they advocate are merely make-shifts. They accept an industrialised world. We do not. They still have a certain residual faith in political reform. We have not. For our part, we would eschew politics, and leave politicians to the atrophy of the sterile. We would pass them over, and cut the Gordian knot by impressing into the service of the community that great modern power, Finance, too often the master, and not the servant of the State, making of it the lever wherewith to turn the world right side up again. Capitalism, we take it, must be radically transvalued. However much we may otherwise

differ from Marx and Sombart, we heartily agree with them in their drastic delineation of capitalism, more especially as incarnated in *la haute finance*.

“As a matter of history”, Marx points out, “capital, as opposed to landed property, invariably takes the form at first of money; it appears as moneyed wealth, as the capital of the merchant and of the usurer. But we have no need to refer to the origin of capital in order to discover that the first form of appearance of capital is money. We can see it daily, under our very eyes.... The simple circulation of commodities — selling in order to buy — is a means of carrying out a purpose unconnected with circulation, namely, the appropriation of use-values, the satisfaction of wants. The circulation of money as capital is, on the contrary, an end in itself, for the expansion of value takes place only within this constantly renewed movement. The circulation of capital has therefore no limits”. The capitalist “functions..... as capital personified and endowed with a consciousness and a will”. Wealth, “ever more and more wealth in the abstract becomes the sole motive of his operations”.¹

Such is the Marxian refrain. An Abstractum, responds Sombart, a Unit of Wealth forms the constitutive mark of the capitalistic conception. The dissociation of capital from the capitalist, from the

¹ Karl Marx, *Capital*, English translation of 1887 edited by Engels, vol. I, p. 123 ff.

person of the owner, is the characteristic of [modern] capitalism. In the capitalistic enterprise the interest no longer centres, quantitatively or qualitatively, in any particular person or persons, but simply and solely in the fructification of the capital engaged. The capitalist merely represents one or more units of wealth. And, inasmuch as he is himself only a representative, he can in his turn be represented. It is no longer his own activity that forms the determining element in the working of the enterprise (as in the handicrafts), but the activities and aptitudes of indefinite outsiders employed in the exploitation of the wealth unit. This explains the prodigious energy that the capitalistic enterprise is capable of unfolding.

This separation of the aim in our capitalistic form of economy from the corporeal person of the capitalist is of vital importance for the right understanding of capitalism. In the overcoming of the concreteness of the aim lies the overcoming of its limitations. The aim, in becoming abstract, becomes unlimited. And, as the possibilities of the capitalistic enterprise expand into boundlessness, so also does the energy of its aims become de-personalised, rendered impersonal, independent of the accidents of individuality. Through a complicated psychological process the fructification of capital — the ultimate aim of every capitalistic undertaking — forces itself in the light of a categorical necessity upon the mind of the capitalist, of the owner who forms the con-

crete substratum of the abstract wealth-unit. The acquisitive spirit, the spirit of lucre, an originally subjective habit of mind, in thus as it were projected into objectivity : —

When all comes round, it is our fate
To serve the creatures we create¹.

It is this Frankenstein of our own creation, this seventh Great European Power of Impersonal Capital, as pre-eminently typified in the great Joint Stock Banks and Credit and Investment Institutions, that we would nationalise, or ‘mutualise’, and transform into a pro-social force; thus realising Proudhon’s dream of “..... une théorie de Mutualité..... qui, par la puissance de son principe, au lieu de demander crédit au capital et protection à l’état, soumette au travail le capital de l’état...”².

The monopolising tendencies of the great private credit institutions form the financial topic of the day. All the economic journals and papers are full of it. In England the Treasury Committee on Bank Amalgamations has just published its report. The Committee foresees the possibility of a Money Trust

¹ “Am Ende hängen wir doch ab
Von Kreaturen, die wir machten”.

Sombart, *Op. cit.*, 1902 edition, vol. I, pp. 196/7 (paraphrased by us).

² P. J. Proudhon, *Système de Contradictions économiques ou Philosophie de la misère*, Paris, Garnier Frères, 1850, tome II, p. 379.

being formed, contrary to the public interest, and therefore recommends that the approval of the Government be required before any amalgamations are announced or carried into effect; and that if an amalgamation scheme seems likely to result in any undue predominance of special interests, it shall be refused sanction¹.

An article in the "Economist" of July 20th, 1918, is so pertinent to the subject, that we consider ourselves justified, as over against the reader, in quoting it here in full, with due acknowledgment to the Editor : —

"THE BANK AMALGAMATIONS"

"In the current *Edinburgh Review* Sir Charles Addis discusses with refreshing breadth and lucidity the dangers and problems involved by the process of bank amalgamations, and makes a very instructive comparison between the merits of our banking system and the German. After calling attention to the danger involved by amalgamations, and the effect of the consequent 'tendency to restrict the limits of personal credit' on 'two of the main foundations of London as the financial centre of the world, the discount market and the Stock Exchange', Sir Charles goes on to the question of the disadvantages likely to be produced by mere size. 'The bigger the bank', he says, 'the greater the

¹ See Appendix A.

danger that, with the lapse of time, it will become entrenched in a bed of vested interests, inimical to change, discountenancing the introduction of new ideas and discouraging the more efficient methods of young and vigorous competitors. The latent power of the amalgamated banks in sapping competition will be very great. It may even be questioned whether the gigantic size they have already attained does not constitute a menace to the predominant position which the Bank of England has hitherto enjoyed as the bankers' bank. It is even conceivable that the finance of the State may be threatened. Nor can the psychological effect of these great aggrandisements of capital in the hands of a few banks be ignored. They are virtually Government guaranteed institutions. The insolvency of one of the great banks would involve such widespread disaster that no Government could stand aside. They would be compelled to make use of the national resources in order to guarantee the solvency of private banks. From Government guarantee to Government control is but a step, and but one step more to nationalisation. We are playing into the hands of Mr Sidney Webb and the Socialists'.

Mr Sidney Webb, opportunely enough, sings the same tune, which in his rendering becomes a Hallelujah of anticipated triumph, in the current *Contemporary*. He states his view that amalgamation is an 'economically inevitable development', and that 'the only remedy, ultimately, for the dangers

of a banking monopoly, is for the community to take the monopoly into its own hands'. Space forbids our entering, at present, into the details of his very interesting scheme. Suffice it for to-day that these two authorities, approaching the question from so different a standpoint, agree that a State banking monopoly is in sight, as a danger or a blessing according to the taste and fancy of the prophet. In the meantime, the process continues".

Coming from what was once, and perhaps still is, the leading financial journal of the world, we may indeed in these words be inclined to see the *Writing on the Wall*.

In connection with the amalgamation question, we read in the principal Scandinavian financial organ, the *Finanstidende* of Copenhagen (August 7th, 1918) : —

"The banking amalgamations in London have been the topic of the day. The *Statist* writes that there seems to prevail a perfect amalgamating epidemic. Opinions differ as to the utility of such amalgamations. While some hold that our financial institutions by this means will find themselves better prepared for the after-war period, others, on the contrary, contend that the movement has already gone too far, and that the amalgamations do not benefit anyone but the shareholders of the bought up banks."

The same paper wrote on July 31st : —

"There are now only 5 large English banks left."

On the Continent a similar movement is noticeable. In Germany the three great private banks dominate the whole financial and industrial situation, and have been busy, during the past year, in fortifying their position by amalgamations and combinations. And behind the banks stand the industrial magnates in close array. A few super-capitalists play the *Deus ex machinâ* to the economics of a whole country : —

“In Germany, men like Thyssen, Kirdorf and Rathenau had no reason to fear the banks whose credit they availed themselves of. It was they, and not the banks, who shaped out the course of industrial development, and their influence on the business policy of the banks was no small one”¹.

Thus we see that the heaping of impersonal capital is apt to bring about an irresponsible personal oligarchy.

Contre l'Oligarchie Financière en France is the title of another publication by the above-mentioned pseudonym *Lysis*, a recapitulation of a *polémique* of his of some years standing with “Thysis”, that other Great Unknown, on questions of French economic actuality. In France, too, impersonal accumulations of private capital seem to have led to *de facto* monopoly and oligarchy. In leading financial circles there is a feeble attempt to explain away the feeling of apprehension on the part of the public

¹ *Die Bank*, Berlin July 1918, p. 492.

caused by this international bank amalgamation movement : —

“Or, on s’est, paraît-il, ému de ces ‘fusions’. Certaines personnes, de l’autre côté du détroit, auraient la crainte de voir se former un pouvoir despotique et arbitraire qui abuserait d’une situation prépondérante pour favoriser et tyranniser les autres. Il faut bien peu connaître les affaires de banque et de crédit pour croire que les chefs de ces établissements se laisseraient conduire par des sentiments — car les idées de ‘faveur’ et de ‘tyrannie’ sont des sentiments — et non par les intérêts de leurs maisons”¹.

But what of the ‘intérêts de leurs maisons’, we presume to ask of Monsieur Liesse? Can they not lead to ‘tyrannie’?

On the other side of the Ocean amalgamation also seems to be *en marche*. In the United States, says a representative London banking journal, there has been a “feeling after amalgamations or the creation of new large financial corporations, the object evidently being to provide all that is necessary for financing large commercial undertakings both during and after the war”². Moreover, there is a tendency towards the unification of the American banking system, of which the *Economiste Français* expresses its high disapproval — in our eyes a fact

¹ *L’Economiste français*, July 27, 1918, page 101.

² *The Bankers’ Magazine*, July 1918, p. 4.

rather recommendatory than otherwise of the movement in question¹.

Even distant Thule seems to be following the fashion. Amalgamations, financial and industrial, are the order of the day in Sweden. The Swedish Financial Commission has now delivered its report, "a scientific document of high value", says the *Finanstidende*, "representing as it does the views of a number of practical bankers and well-known economists". The report proposes the Control and Rationing of Capital for export and of Capital for home purposes. An effective official control over importations will be necessary after the war, says the Commission. As regards home credit, in each special case there must be a differentiation between what is necessary and what is not absolutely necessary. It is proposed to place the control of the money market and the rationing of capital in the hands of a Committee, appointed by the Financial Commission, and the sanction of this Committee will be required for the announcement of public loans, the formation of new companies and the enlargement of old ones, the emission of shares, bonds, etc.

These measures, the *Finanstidende* remarks editorially, certainly savour somewhat of State Socialism, even if it be admitted that their direct and apparent usefulness outweighs their drawbacks. "A methodical employment of the national capital".

¹ July 27, 1918, p. 100.

the Editor goes on to say, "is of course only to be commended. Some sort of rationing also may become necessary. But does not this lead to the Nationalisation of Capital? The question is a delicate one. Yet we cannot deny that the application of the principles enunciated by the Commission would seem to be desirable in the public interest, if envisaged cautiously and carried out by competent persons."¹

Evidently, in all more developed countries, financial concentration is leading to monopoly, private or public.

Coming back to our own programme of a Mutualist State Bank, based upon a system of *National Credit Insurance*, we hold that by utilising the Proudhonian principle of Mutuality or Mutualism side by side with that of Authority, the State Bank, as here planned, would be able to reconcile State administration with private initiative, the business principle with that of official routine, a circumstance already mentioned in the founder's exposé as being one of the most important practical considerations. Above all, by its autonomous Charter the proposed institution offers the possibility of a consistent and consecutive national policy in economic matters, independent of the existing political régime, be that autocratic, aristocratic or democratic, and undisturbed by intrigues from above or from below. By

¹ *Finanstidende*, August 7, 1918, p. 1204.

the mere fact of its monopoly of credit, it claims a moral influence that would render unnecessary any too minute Government interference in industrial or other conditions. With the right men at the helm, and the collaboration of the most eminent scientists, technicians, agriculturists, financiers, and men of business of the Nation — a kind of Economic General Staff — this State-created state within the State should be strong, just, and efficient : strong enough to control any illegitimate state within the State tendencies, whether of capitalist or labour origin, which arrogate to their self-interested associations the power that should belong only to the Community as a whole ; just and equitable enough to be uninfluenced by fear or favour in its decisions ; wise enough to distinguish between adventitious interests and the permanent advantage of the country. Founded and administered on these principles, it should have such moral, intellectual and material authority, both at home and abroad, as to make it peculiarly well fitted to conduct delicate economic negotiations in the interests of combined National Capital and Labour, as against the combined or uncombined capital and labour of other States or combinations of States — nowadays an important consideration. It would, in fact, be the controlling nerve-centre of the Mutualist State, the economic brain, from which the mutual agricultural, industrial, commercial and financial interests of the State and the Individual would be directed.

A coalition of the two mutualisations, of mutualised Finance and mutualised Land, would place the people that initiated it in a position of hitherto unparalleled social-economic excellence and racial culture.

In the long run, after the first shock of conflicting world-concepts, such a transvaluation of values should even tend toward the realisation of the great pacifist lion and lamb ideal — when once Imperial Mercantilism has given place to integrated, self-sufficing National Labour, and all the great nations shall have come into line in this respect.

There remains the thorny question of Investment, and the possibility of mutualising, or 're-personalising' so to speak, all that Impersonal Capital which the Limited Companies represent. The same doctrinaire policy that during the course of the 19th century established the money-lender's right of use and abuse in the matter of Usury, and transformed Interest into the libertine handmaid of Capital, also abolished the wise restrictions of former times against the impersonal aggregations of money called companies. In this respect the Mercantilist lawyers, no less than the jurists of that other great capitalist society, Ancient Rome, had been vigilant in guarding against the rise of any plutocratic State within the State. In Rome there were certainly the great organisations of *publicani*, with their *partes*, analogous to the shares of our joint-stock companies, widely dispersed amongst all classes of the

community¹. But there never existed any really independent commercial association. The great Vecigalian Societies just alluded to, with their extensive industrial and financial operations, were all strictly subordinate to the State, and the public contractors who represented them in their relations with the State and the public, and in whose name they were carried on, were responsible personally. There was no real impersonal capital in Rome, independent of the State, as in the modern world. All the other societies, except those bound by formal contract to the State, were on principle kept in a condition of instability by the *jus fraternitatis*, with its restrictive stipulations as to the dissolution of partnership at the death of every partner, its recognition of the right of voluntary renunciation and other grounds of dissolution, which excluded any spirit of continuity and kept the number of partners and their capital within necessarily very modest

‘ “Ce furent ces innombrables et puissantes sociétés en commandite par actions, comme les sociétés anonymes de notre temps, qui convièrent le peuple à participer aux grandes entreprises de l'Etat. Les actionnaires s'appelaient *participes*.

Les *partes*, plus ou moins chères suivant les moments et les circonstances, subissaient l'influence des événements, comme le faisait aussi très fréquemment et très brusquement, au dire des historiens romains, le taux très mobile des intérêts, au Forum. Nous avons, sur ce dernier point, les renseignements les plus précis. C'était une sorte de cours du change très mouvementé”. (Antonin Deloume, *Les Manieirs d'argent à Rome*. Paris 1892, p. 17).

limits. This being the case, and the societies of *publicani* being absolutely under the thumb of the executive, it was possible for Imperial Augustus at one stroke to put an end to the potential danger of the great companies, as soon as he found them an obstacle to his policy, and thus to give the corrupt Republic a new 500 years' lease of life¹. In modern times governments have been equally jealous of their prerogative as regards company concessions. And it was not until the middle of the 19th century, with the culmination of the "industrial revolution" in England and the rise of the great railway corporations, that company law was relaxed and the flood of limited liability let loose.

In his history of the Roman financiers, Deloume calls attention to this modern evil of impersonal capital, and deplores the supineness of legislators in omitting the wise precautions of the ancients in

¹ "Il n'y a eu au fond, qu'une différence essentielle entre ces procédés anciens de la spéculation et notre temps, c'est la concentration à Rome, entre les mains de l'Etat, de toutes les grandes opérations industrielles et financières de l'univers ; tandis que nous pouvons, en principe, constituer où il nous plaît de grandes sociétés indépendantes. Cela put nuire à la marche de ces entreprises et favoriser les abus, mais c'est ce qui permit à l'Etat de les transformer presque toutes d'un seul coup. C'est ainsi que la toute-puissance impériale put faire disparaître presque complètement, en un instant, les grandes compagnies, les actions, les financiers et les spéculateurs enrichis, lorsqu'elle les considéra comme des obstacles à son gouvernement".

(Deloume, Op. cit., p. 18).

guarding the State prerogative. Had not the great Roman Republic been so jealous of the rights of the *res publica*, not even Augustus could have mastered the financiers. “La force du courant eût emporté toutes les digues, comme cela aurait lieu aujourd’hui, si on voulait tenter un semblable retour en arrière, et proscrire l’action”¹.

The question of Investment, in its relation to Insurance, is touched upon in Hobson’s work on the Industrial System. All Insurance companies, he says, combine with the function of insurance that of investment, and must be regarded not only as insurance instruments, but also as “general repositories of the people’s savings”. In most developed industrial countries these companies have become “main conduits of finance, dividing with the great joint-stock banks the function of directing the flow of available new capital into the different channels of productive employment”. But, he adds, “no government has yet felt strong enough to contemplate the nationalisation of this great department of finance”.

This was written in 1909 or 1910. Since then much water has run under London Bridge, and even the City man can now talk of ‘nationalisation’ above a whisper. In Italy insurance will be a State monopoly from the year 1922, when the new law comes into full operation. In other countries com-

¹ Deloume, *Op. cit.*, p. 26 ; cf. also pp. 8 ff.

plete or partial nationalisation of this branch of finance is contemplated. In point of fact, the whole question of investment must inevitably be taken up very soon in countries economically more advanced, with a view to making way for the financial supremacy of the State in place of the private monopolisation towards which present-day developments are pointing. And, as Mr. Hobson observes, "the future attitude of the modern state towards the new structure of finance, whose control over industry and politics is rapidly being concentrated in a few virtually non-competing groups, opens some of the most momentous issues of the new state-craft"¹.

But the re-organisation of Investment and Limited Liability is too large a question to be treated within the limits of the present essay. We must therefore leave its discussion to some future opportunity.

Reverting to the Land-Question, and in no way presuming to anticipate the judgement of the specialists, we would here only venture to call attention to certain historical facts which might be suggestive in organising a suitable system of tenure for the model farms of our land-mutualisation scheme. The theory of absolute property in land, the *dominium ex jure Quiritium* of Roman law, the *allod*,

¹ J. A. Hobson, *The Industrial System, an Inquiry into Earned and Unearned Income*. London 1910, pp. 278-83.

or freehold, of Northern Europe — the absolute right of use and abuse — has often led to more of the latter than of the former. *Per fas et nefas* the Roman freeholders were divorced from the land and compelled to crowd into the Eternal City, where they gave rise to the world's first 'proletariat'. We see the same process repeated again and again, wherever absolute property in land is recognised and the capitalist is allowed a free hand. The English "enclosures" are a drastic example. At the time of the Reformation, one of the peasants' principal demands, the appropriation of Church lands in their favour and the institution of permanent tenancies, was refused. Had they succeeded in their demands, fixity of tenure would have been secured, the enclosing of the land by the great proprietors in the following centuries could not have taken place, and "the creation of a mass of destitute and landless people might have been avoided".¹ It was some such sort of permanent tenancy, a kind of relative or limited right of property, analogous to the usufructuary possession of Roman law (*possessio vel usufructus*, says Gaius), or the fief of feudal tenure, that Proudhon wished to introduce in the place of absolute property — at least in his earlier works, before the shadow of Louis Napoleon, looming dark, made him incline rather to a modified allodial tenure, as being less exposed to the caprices

¹ Fordham, *Op. cit.*, page 62.

of an arbitrary Government.¹ A good example of this perpetual hereditary possession is to be seen in the far-off Faeroe Islands, where the descendants of the vikings at the time of the Reformation succeeded in obtaining from their Danish rulers the privilege that was denied to their English kinsmen. One half of the Church Lands was converted into Ordinary Freehold, the other half into Regal Domain. This latter was held direct of the Crown, as 'Kings' land' (*Kongsjord*), and the holders, the 'King's peasants' (*Kongsbønder*), were practically in hereditary possession. Their descendants have in fact lived on their farms from generation to generation with greater security of tenure, in practice, than the freeholders, being prevented by the terms of tenure from selling or mortgaging the land.² To speak only from first-hand experience, from what we have seen ourselves, many a Finnish peasant would be better off now, had he held his land by this limited property title, and not been tempted to abuse his right of free disposal by selling his precious streams and forests for a mere song.

If then, in our time, a Land Mutualisation Board were to come into existence and we were cited before it, we should give it as our humble opinion that in establishing model farms for integ-

¹ Aimé Berthod, *P. J. Proudhon et la Propriété*, Paris 1910, pp. 33 ff.; p. 39.

² H. Garborg, *Rousseau og hans Tanker i Nutiden*, Kristiana og Kjöbenhavn 1909, p. 64.

rated labour a system of Crown Tenancy, made perpetual and hereditary on condition of the fulfilment of certain systematically worked out rules and regulations — akin to Wallace's scheme of "tenants in perpetuity", with "occupying ownership" — would be preferable to ordinary freehold. In fact we would go further, and advocate the adoption of the *Métayer* system, of time-honoured tradition; thus developing the Mutualisation principle into a regular partnership between the State and the Individual, where the State, through the Land Mutualisation Board, would have both the right and the inducement to give good technical advice, and to enforce it.

The introduction of a Hereditary *Métayer* System of Crown Farms would have this further advantage that the experience gained by Government Officials and Specialists in a rational and popular distribution of foodstuffs would not be allowed to be dispersed after the war, but would continue to be utilised and exercised in the distribution of that half of the *Métayage* produce, which in accordance with that system would fall to the part of the State; and thus, in the event of another war, the whole system of acquisition and apportionment would not have to be re-created absolutely from the beginning. We should have preserved the *cadre* — the framework, the staff of experts — which it is not so easy to improvise at a moment's notice.

At the risk of being taxed with war-faddism, we would venture yet another step on the path of

patriotic preparation — for we misdoubt the statical geography of a certain school. In the work of social reconstruction, we should feel inclined to take a lesson from Swedish History, and, in particular, from the magnificent territorial army system which Charles XII inherited from his provident father Charles XI, and to which, apart from his own genius, he owed his glorious career. This system, by which certain estates or farms were held of the Crown on military tenure (*indelningsverket*) still survived in Finland in the middle of the 19th century, and in Sweden too — if our memory does not fail us — until it was replaced by the more perfect Prussian system of Universal Military Service. But it seems to us that even in a State where such service exists, a territorial system like that of Charles XI, modified to suit modern requirements, might with advantage be applied to the half military, half civilian service which the present war has developed — we mean the munitions industries and civilian war-work in general. In our synthetic programme, might it not be possible, we ask, so to organise the decentralised local industries, in combination with agriculture, that in case of need they could be transformed into small munition centres? In this way a magnificent nucleus of potential munition workers might be created, as a reserve for the regular operatives in the great Government works and factories; and, in consideration of this latent usefulness, the State might find it worth

while to offer a premium for workers in these small centres of integrated labour and thus to attract the best and soundest elements among the industrial workers "back to the land".

Back to the land! In one short formula both diagnosis and cure. A simple nature-cure of national hygiene, slow, it may be, but sure; surer, certainly, than all the possible or impossible international councils that our new amphictyons can devise. Such sacred councils are apt to end in Sacred Wars, none the less deplorable for all their 'sacred' sanction, and generally as ineffective as they are deplorable. But by preparing for war, while gradually removing one of its principal causes — international economic competition — we shall have done more to promote international peace than will ever be accomplished by the artificial constructions of well-meaning idealists.

There is no royal road to an enduring peace, nor short cut to the Millennium — such is our regretful conviction. Yet although for us of this generation there be but little hope, we can prepare the way for our children and make the rough path smoother for them, replacing the restless Mercantilism of to-day by the self-contained dignity of to-morrow's Mutualised State, or mutualised Combination of Elective State-Affinities, resting upon integrated national labour and synthetic national production.

But — and there is always a 'but' in the background — not the best of institutions, neither the

‘Mutualised State’, nor the ‘League of Nations’, nor yet the ‘International Police’ will reform the world, unless we first reform ourselves. And this takes time, even with the best of us. The evolving of the Eugenical Superman is not the work of a day or a year. We must remember also, that there are still some millions of bona-fide unreclaimed cannibals on this good earth of ours, and many more in the slums of our big cities who are little better. Meanwhile, let us not put too much trust in that ‘policing’ idea. In the olden time, when there was a soldier for every brigand, and a brigand for every soldier, the brigand often got the best of it, as the good old border word “black-mail” still attests. It would therefore, we maintain, be perilous for any nation to renounce its position of national preparedness, before the great and generous conception of an International Tribunal materialises in satisfactory working order. For there are questions which it would seem almost impossible to solve peaceably, so long as human nature is human nature — questions of “national honour” or “vital interests”, to use the ordinary arbitration treaty phrases. Unfortunately, it is just these questions that nowadays are the causes of war. No one would think of mobilising our modern millions for the sake of any minor difference. But, alas, our evolutionary world is full of vital and therefore unarbitrateable questions, questions infinitely more fundamental and difficult of solution than ever this present family quarrel for

commercial hegemony between us whites and super-whites, questions of life and death for whole nations and races. Take, for example, the problem of Immigration, Naturalisation, and Alien Labour smouldering in the Antipodean world, and elsewhere. Where find the unbiassed judge to decide which has the juster cause : the Australian labour party, playing the dog in the manger with a whole Continent, or the teeming over-populations of other realms who would be only too glad to people that vast but sparsely inhabited island, and by dint of scientific irrigation and patient manual labour suited to the climate to make a garden out of its unreclaimed spaces ?

Just as we were going to the press, we lighted upon an instructive article in the August number of the *Athenæum*, entitled “Australia and the German Colonies”, and signed “Anglo-Australian, Australia, March 1918”. The “White Australia Policy” is here frankly discussed. The Australian, says the correspondent, “does not want to be bothered with the possession and management of any more territory. The continent alone is quite big enough, if not too big, to occupy his attention for a century to come. The land is still little more than scratched, and big problems of water conservation, internal communication, the exploitation of mineral resources, and the development of industries promise to absorb all Australia’s energy for many decades, without the distraction of handling dependencies. Population

is wanted here, and capital in large quantities; therefore we cannot afford to offer the immigrant or capitalist a choice between Australia and New Guinea. Let us get our own 3,000,000 square miles [Europe, *including* Russia, has 3,800,000] populated and developed; let us get rid of that menace of an empty tropical north; then perhaps we may think of expansion. At present the Northern Territory and Papua are big enough tropical burdens on our shoulders; for Heaven's sake don't add German New Guinea, even to satisfy the Imperialists, the Tory scribes and the capitalist". Besides, there is the Yellow Peril, "still sufficiently terrifying to the Australian to make him prefer Germany — especially a democratized Germany — to any Oriental power". For, in his quieter moments, the Australian admits "the right of Germany to have colonies. He has seen the zeal with which German settlers have hewn flourishing communities out of the bush in South Australia and Queensland, and will whisper in your ear that 'them bloomin Germans is some of the best immigrants Australia ever got'. Hence, if Germany is over-crowded and wants room for expansion, 'Let em have it and good luck to em'".

But, adds *Anglo-Australian*, "we are adamant in our determination to maintain the White Australia ideal, and any attempt to break it would bring that disruption of which your British omniscients prate".

To this an impartial neutral can only say that

if South Africa, Canada, and California are equally 'adamant' in upholding their 'white ideal', there would seem to be a pretty kettle of fish brewing for the 'coming' International Tribunal. And if this much desired court is not to be a mere *ex-parte* organ, but attempts to deal out real international justice, or what its 'impartial' members may choose to consider as such, it is likely to prove a thorn in the flesh to many of those who have been the loudest in calling for it.

In point of fact, this is where the shoe pinches. The candid confessions of "Anglo-Australian" open up a wide perspective of new *Uitlander* questions, only with the medal reversed (*vide* Origins of Boer War), or of new Wars of Secession. We have here two parties, each convinced of the righteousness of their cause; two points of view, for either of which ample justification may be found in 'Natural Law'. But where is the jurist qualified to judge impartially in such a matter, uninfluenced by race feeling or national prejudice; where the bench, competent to determine which is to prevail, the national standpoint or the international one, local labour interests or the general 'humanist' ideal, the claims of the *Uitlanders* or the prescriptive 'rights' of the *beati possidentes*; where the statesman, venturesome enough to expound the rules of justifiable secession? And, having constituted our impartial tribunal, how are we to get its decisions respected by the great

super-litigants, without an appeal to the *ultima ratio* of all effective tribunals?¹

*

Be this as it may, in any attempt of this kind to revive the old Papal pretensions to a moral *dominium mundi*, we shall do well to bear in mind the lessons of times gone by and the fate of other similar attempts, similar in spirit, if not in mode of execution. We refer to that old innate crusading spirit of majoritarian propaganda — generally as estimable in motive as it is perilous in practice — which in these latter days would seem to have an atavistic tendency to resurrection, both East and West, as ready as ever to force its own infallible ideals down heretical throats. If, then, we indeed must have our heart's desire, a World's Judgment

¹ *Journal des Débats* :

« Si la Société des Nations ne s'assure pas tout d'abord une force internationale capable de déjouer ou de punir les perturbateurs de la paix universelle, elle fait le jeu des barbares. C'est bien ce qu'espèrent les pangermanistes quand ils se déclarent favorables à cette combinaison. »

Ce que ne dit pas le *Journal des Débats*, c'est que cette « force internationale » capable de déjouer les perturbateurs de la paix universelle, en d'autres termes d'appliquer la *sanction* du droit international désirable n'existe pas et n'existera jamais. C'est pourquoi les gens qui réfléchissent n'ont jamais pris la Société des Nations que pour un rêve dangereux de bourgeois idéalistes ou pour une machine de guerre allemande, ce qui est encore plus dangereux.

(*Gazette de Lausanne, première édition, 13 septembre 1918.*)

For the latest developments of this question, see Appendix, B.).

Seat with power supreme, we should at least be careful to keep it free from all lingering survivals of this uniformitarian spirit of indoctrinating moral suzerainty. Neither “big-stick” blustering nor the suave ferule will do otherwise than irritate us elders of “Dame Europa’s School”. For a thousand years we have had a first-hand experience of popery in all its phases, spiritual and temporal, orthodox and heterodox, Papal and Puritan, such as should make us chary of committing ourselves to any historical *naïveté* of the ethico-political, world-salvationist type. In the name of all good pacifism, therefore, let us beware of this modernist revival of ancient meddling, lest with all our world-machinery we do but end in evoking the protesting counter-spirit of some colonial Egmont or some new league of “Beggars”, to heard the Powers that be.¹

*
* * *

And now, before ending, let us look back upon the sum and substance of our argument : —

Mutualism, in its more limited sense, is a social-economic doctrine, based upon a due appreciation and balancing of the economic and psychic factors of the social problem. Thus conceived, it claims to be the synthesis of the two seemingly con-

¹ As lovers of freedom and Motley will recollect, it was the “Beggars of the Sea” — *les Gueux* — who successfully defied Alva’s notorious *Tribunal des troubles*, and began the great struggle with Spain and Popery that ended in the establishment of the Dutch Republic.

tradictory principles of Capitalism and Socialism. A compromise, if you will. But a compromise which does not, after the manner of the ordinary compromise, sacrifice any essential element of the opposing principles.

Mutualism implies the eclipse of the present capitalistic system of economic competition, and the supplanting of the same by the mutualistic system of economic co-operation, collaboration and compensation between the State and the Individual, between the State and other states, between one nation and other nations. As applied to one single state, Mutualism, it is claimed, tends towards peace internally, by automatically putting an end to the chronic economic war which would seem to be the normal condition of individual humanity under the competitive system. As applied to many states, or to a congeries of states, Mutualism should have an equally peace-promoting tendency externally, outside the State, in so far as it removes the international economic competition which under the present régime but too often finds its only solution in a declaration of war.

As with individuals, so also with nations — those friendships last longest where the money factor is absent, or is balanced by congruent interests.

While making this necessary concession to the socialistic ideal, in the removal of unhealthy competition, Mutualism does not, however, fall into the socialist error of doing away with private property

and individual initiative. On the contrary, under the mutualistic system private property in its modified, pro-social shape will still form the basis of the social structure, and individual initiative, far from being discouraged, will, if anything, be increased in its quantitative national totality by the accession of social energy provoked by the integration of labour and the extension to the working-classes of the privilege of individual and hereditary possession of a portion of Mother Earth, a privilege at present denied to the great majority.

In thus eliminating the non-essential elements of either system, and fusing into one single higher entity the two most fundamental characteristics of Capitalism and Socialism, *viz.*, the individual initiative on which the former rests, and the economic conciliation which lies latent as the first principle of the latter, in its original and loftier interpretation, Mutualism opens to the peoples the prospect of a new era of peace and progress, in healthy national and international competition in the non-contentious spheres of spiritual culture, in science and philosophy, in literature and art.

* * *

In this rough sketch of a conceivable national development upon mutualistic lines, we have made a point of expressing ourselves as far as possible in general terms, so that our reasoning may be applicable to any country or state, or combination of states, in which public opinion should happen to be

ripe for a sober discussion of the Mutualisation question, *sine ira et studio*. The Mutualist State, as here foreshadowed, is based upon a patriotic and national theory of the State as sovereign and self-contained — the ‘higher’ patriotism of the Fichtean philosophy. But, as has already been observed, this should by no means preclude the extension of the mutualistic principle beyond the borders of the individual State, in its inter-state relations. Rather is it our contention that Mutualism, primarily national and conceived as affecting in the first place the internal concerns of the State, will nevertheless have a generous tendency to expand and gradually to embrace more and more nations having a certain natural and cultural affinity, and to become more and more international, or ‘supra-national’; just as, broadly speaking, has been the case with science and civilised ethics since the days of the Decalogue, in spite of certain normally or abnormally recurrent war-phenomena. Nay, apart from Supernatural Ethics, which are nowadays generally admitted to be a matter of personal conscience, we do not see why some system of ‘supra-natural’ international Ethics, applicable, perchance, to the coming ‘super-man’, and based upon some new, scientifically worked out mutualistic theory of Cosmic Ethics, should not in time become an ideal to be striven for.

But the day of Cosmic Ethics is not yet, and in the fulfilling of our futuristic venture we shall do

well to steer as close as possible to the *terra firma* of actuality. Our subject was the principle of Mutualism, as applied to the social-economic problems of the near future, and to that theme we must here restrict ourselves ; not, however, without once more affirming our unfailing belief in what to most of us must at the present moment seem a mere Utopian phantasy. But when a new and wiser generation shall have made the impossible possible ; when man has mastered the machine, and is its slave no longer ; when labour is integrated, and strikers have ceased from troubling ; when capital does not run to waste in the sands of industrial selfishness, and synthetic production has increased the fruits of the earth beyond the dreams of the most daring ; when Patriotism is the national virtue, and a Mutualist State offers to every citizen an equal chance of membership in the natural Aristocracy of Man, in just proportion to his talents and attainments ; when these things are, we may with confidence confront the future, in all its finite and in-finite possibilities.

APPENDIX

A. THE REPORT OF THE TREASURY COMMITTEE ON BANK AMALGAMATIONS (p. 44.)

On March 11th, 1918, by a Treasury Minute, a Committee was appointed "To consider and report to what extent, if at all, amalgamations between banks may affect prejudicially the interests of the industrial and mercantile community, and whether it is desirable that legislation should be introduced to prohibit such amalgamations or to provide safeguards under which they might continue to be permitted".

The members of the Committee were : —

Lord Colwyn, the Chairman, Lord Cunliffe, G. B. E., Hon. Rupert Beckett, Hon. Herbert Gibbs, Sir Arthur Haworth, Bt., Sir Richard V. Vassar-Smith, Bt., Sir John Purcell, K. C. B., Capt H. Keswick, M. P., Mr E. Manville, Mr H. McGowan, Mr John Rae and Mr Douglas Vickers.

On the subject of the Nationalisation of the Banking Trade, as an alternative to a possible Money Trust the Report says : —

"The danger of Monopoly. — It has been represented to us that there is a real danger lest one bank by the gradual extension of its connections, may obtain such a position that it can attract an altogether preponderant amount of banking business : or, alternatively, lest two banks may approach such a position independently and then achieve it by amalgamation.

Any approach to a banking combine or Money Trust, by this or any other means, would undoubtedly cause great

apprehension to all classes of the community and give rise to a demand for nationalising the banking trade. Such a combine would mean that the financial safety of the country, and the interest of individual depositors and traders, would be placed in the hands of a few individuals, who would naturally operate mainly in the interests of the shareholders. Moreover, the position of the Bank of England — which would, it may be assumed, stand outside any such Trust — would be seriously undermined by so overwhelming a combination, and the Bank might find it extremely difficult to carry out its very important duties, as supporter and regulator of the Money Market. Any such result would, in our opinion, be a grave menace to the public interest.

Further, it has been represented to us that the Government of the day might not find it easy to adopt a course of which the combine, for its own reasons, disapproved.

While we believe that there is at present no idea of a Money Trust, it appears to us not altogether impossible that circumstances might produce something approaching to it at a comparatively early date. Experience shows that, in order to preserve an approximate equality of resources and of competitive power, the larger English banks consider it necessary to meet each important amalgamation, sooner or later, by another. If, therefore, the argument from size, referred to in paragraph 6 *b* before mentioned is to prevail, it can only lead, and fairly rapidly, to the creation of a very few preponderant combinations; and if those combinations amalgamated, or entered into a joint agreement as to rates and policy, etc., the Money Trust would immediately spring to birth.

We therefore recommend that legislation be passed requiring that the prior approval of the Government must be obtained before any amalgamations are announced or carried into effect. And, in order that such legislation may not merely have the effect of producing hidden amalgamations instead, we recommend that all proposals for interlocking directorates, or for agreements which in effect would alter the status of a bank as regards its separate entity and control, or for purchase by one bank of the shares of another bank, be also submitted for the prior approval of the Govern-

ment before they are carried out". (Quoted from *The Bankers' Magazine*, July 1918, pp. 46 ff.)

Commenting on this Report, the *Athenæum* writes (August number, 1918) : —

"The Committee on Banking Amalgamations was not a very courageous body, and its Report has done nothing to prevent new amalgamations. The Committee was afraid of a 'money trust', but equally afraid of making any proposals to deal with the problem. Within the last nine or ten months eleven joint-stock banks have, through amalgamation, been converted into five. Immediately prior to the appointment of the Committee of Inquiry the National Provincial Bank and the Union of London and Smith's Bank were merged, and an amalgamation negotiated between Parr's and the London County and Westminster Bank. More recently a fusion took place between Barclay's Bank and the London Provincial and South-Western, the latter the result of an amalgamation at the end of last year. Then, also, the London City and Midland and the London Joint-Stock Bank have united. Now the announcement is made that the Treasury has sanctioned arrangements for the amalgamation of Lloyd's and the Capital and Counties Bank, and for 'a union of interests' with the National Bank of Scotland and the London and River Plate Bank. The 'money trust', for good or evil, is rapidly approaching realization. It is useless to attempt to avert its coming. One of two things remains to be done. The banking monopoly must either be subject to State regulation or be put under State ownership".

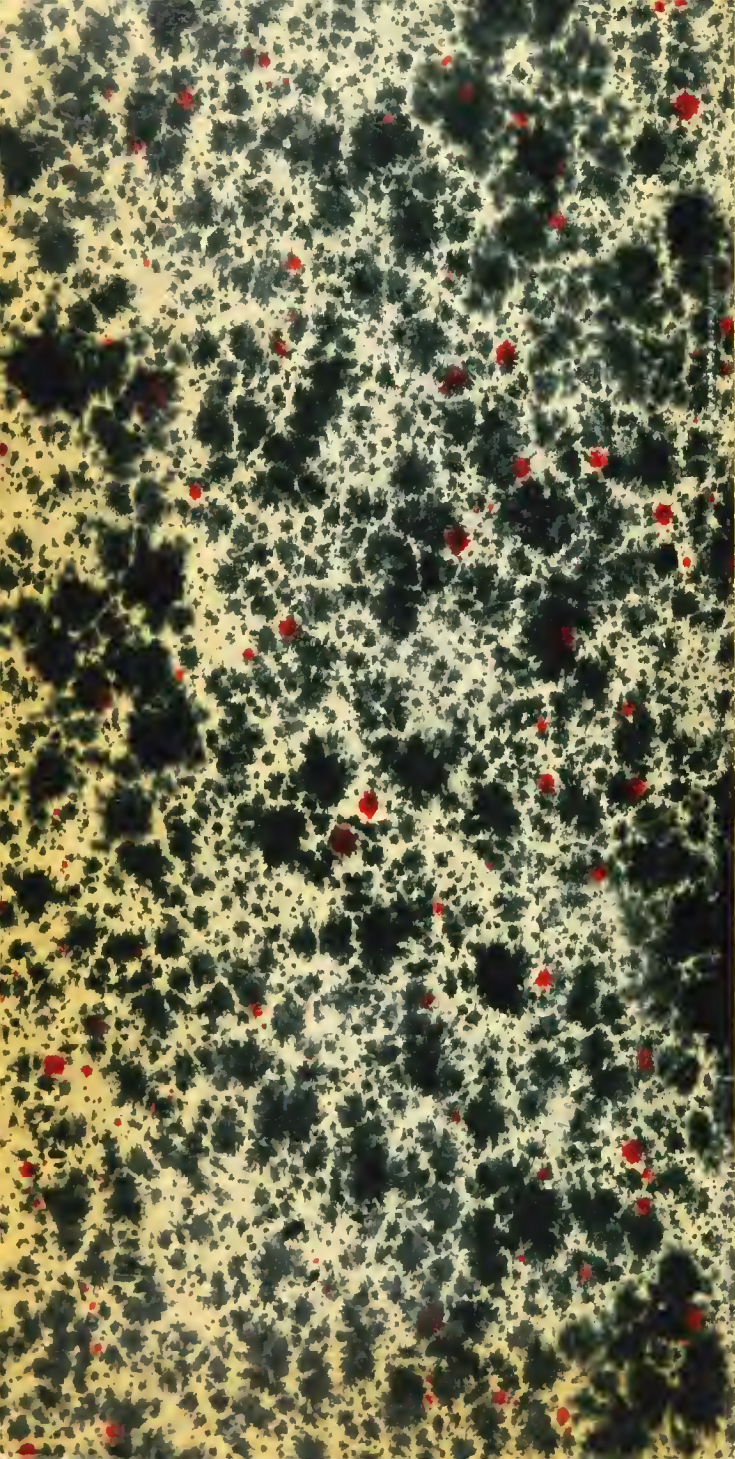
B. THE LEAGUE OF NATIONS.

(p. 66.)

If we are to believe all that is printed, a most Christian spirit of unanimity would seem to be abroad just now in the belligerent camps, ready to welcome a League of Nations in any and every guise. The latest big proposal comes in such a questionable shape as to make us hesitate how to interpret it. The *Vossische Zeitung* (end of September) is able to announce a pamphlet soon to be published by Herr Erzberger,

the well-known member of the Catholic Centre in the Reichstag, under the title of "The League of Nations the Road to Peace" (*Der Völkerbund der Weg zum Frieden*), in which pamphlet the author evolves a whole programme, in 40 paragraphs, for a League of Nations, with its seat at The Hague, and, as a leading feature, a High Court of Compulsory Arbitration, consisting of four members and a president, the latter to be named by the Pope, should not the members be able to agree in their choice of a chairman. *The Westminster Gazette* acclaims the project, even though coming from a German. We know not whether that liberal organ also welcomes the author's ultramontane ideas as regards the unification and perpetuation of deterrent press regulations, to be codified in some sort of special [international] criminal legislation against newspapers and pamphlets culpable of detractory or irritating statements concerning other nations or states (alas, poor Yellow Press !) and presumably involving, amongst other safeguards, some new international *index expurgatorius*. But we cannot better characterise this variety of Pacifism, or *Pacidémocratie*, to use the new peace terminology, than by referring to Dr. Alfred H. Fried's article on "The Foundations of a League of Nations" (*Die Grundlagen eines Völkerbundes*) in the *Neue Zürcher Zeitung* for October 6, 1918. The learned doctor puts the whole thing in a nutshell, when he declares that the New Organisation will be based upon the principle of exchanging National Rights for Foreign Obligations (*Austausch eigener Macht gegen fremde Pflichten*) — an inviting revival of "New Lamps for Old".





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